



The State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

Representatives Present During the Inspection:

Company	Vicky S. Miller Environmental Specialist
OGM	Pete Hess Environmental Scientist III

Inspection Report

Permit Number:	C0070039
Inspection Type:	PARTIAL
Inspection Date:	Thursday, July 29, 2004
Start Date/Time:	7/29/2004 8:45:00 AM
End Date/Time:	7/29/2004 10:45:00 AM
Last Inspection:	Wednesday, June 16, 2004

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny, cool; 50's F.

InspectionID Report Number: 348

Accepted by: whedberg

8/8/2004

Permittee: **CANYON FUEL COMPANY LLC**

Operator: **CANYON FUEL COMPANY LLC**

Site: **DUGOUT CANYON MINE**

Address: **PO BOX 1029, WELLINGTON UT 84542**

County: **CARBON**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **ACTIVE**

Current Acreages

7,083.71	Total Permitted
51.11	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- ☒ Federal
☒ State
☐ County
☒ Fee
☐ Other

Types of Operations

- ☒ Underground
☐ Surface
☐ Loadout
☐ Processing
☐ Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The current State permit for the Dugout Canyon Mine was signed in August of 2001. The only Special Condition included in Attachment "A" of the current permit is the requirement that the permittee must continue to submit water monitoring information to the Division web site in an electronic format. The permittee has met the requirements of this condition since the permit date of issue.

Inspector's Signature

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

Date

Thursday, July 29, 2004

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The permittee continues to negotiate with the Utah DEQ / Division of Water Quality relative to a UPDES permit variance which would allow the Mine to continue to discharge the high TDS / high iron waters from the east and west workings of the old Knight Mine located in the Gilson seam, yet remain in compliance. Negotiations have progressed to the point that the purchase of "salt loading" credits is being considered. The permittee is being required to discharge this water by the U.S. Department of Labor, Mine Safety and Health Administration.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The permittee recently cleaned the sediment pond located at the Mine site. The cleanout material was hauled and deposited on the waste rock pile located down canyon of the Mine site. The permittee is aware that the pond must be recertified by a Utah registered professional engineer in order to meet the requirements of R645-301-514.312. The sediment pond at the waste rock site contained a dry bottom. Neither of the site's ponds were noted as having any compliance issues.

4.c Hydrologic Balance: Other Sediment Control Measures

On Monday, July 26th, the water shed located east of the right fork of Dugout Canyon Creek (ODCWS-1B, see PLATE 7-6) received a rainfall event lasting one and one-half hours. The amount of precipitation received was sufficient to cause flooding of Rock Creek and Pace Creeks. The event also blew out the silt fences located in the right fork channel between the inclined trash rack and the vertical pipes which provide additional trash catching capability up channel of the inlet to the undisturbed bypass culvert (UC-4, see PLATE 7-5). A large volume of sediment was washed into the gabion area, destroying the fences. It is Ms. Miller's intent to cut the fence material off at the sediment level to remove as much of the fabric as possible, until natural scouring removes the buildup and exposes more of the fence. It was also suggested that a smaller fence, or straw bales be installed on the narrow slope between the south end of the concrete headwall and some bushes where exposed soils have not revegetated. Ms. Miller felt straw bales would be appropriate to reduce additional sediment loading of the stream.

4.d Hydrologic Balance: Water Monitoring

Ms. Miller indicated that she has completed all of the third quarter monitoring for the ground water wells in the Dugout Mine permit area. Monitoring of the surface water sites will continue to the end of the quarter. Ms. Miller indicated that the wet summer which is occurring is causing points to flow that have not flowed for several years. The permittee is attempting to sample those points which are flowing in direct response to the heavy events which are occurring in the Dugout water sheds. The mine water discharge point located in Dugout Creek at the DAP was not flowing during today's inspection. Ms. Miller also noted that ground water monitoring well GW11-2 was monitored on both June 21st and July 5th. A water level was reported at approximately 1126 feet on both occasions. This information was reported to Mr. Gregg Galecki, Division hydrologist for the Dugout Canyon Mine on this day.

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18. Support Facilities, Utility Installations

Degasification wells G-6, G-5, and G-4 were permitted via Task ID#1943, which received a conditional approval upon receipt of clean copies on July 22, 2004. Ms. Miller indicated that topsoil was being removed at the G-6 site for development of that well this day.

20. Air Quality Permit

The unpaved roads within the Mine site disturbed area were in a compacted, moist condition.

21. Bonding and Insurance

The permittee forwarded renewed general liability insurance coverage to the Division on July 26, 2004. The Federal Insurance Company provides a general aggregate coverage amount of \$500,000 with an amount of coverage of \$300,000 provided for each occurrence. Coverage includes compensation for damage incurred from the use of explosives. The renewed policy remains effective until July 31, 2005.